

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3307

ANSWERED ON:04.08.2017

Fiscal Consolidation Targets

Kothapalli Smt. Geetha

Will the Minister of FINANCE be pleased to state:

- (a) whether the economists have urged the Government to stick to its fiscal consolidation targets in the medium term while supporting the idea of providing some budgetary leeway in the short term to help to pump the economy as private investments remain elusive in the face of tepid demand and if so, the details thereof;
- (b) whether inflation will make it difficult for the RBI to cut rates and spur demand through monetary actions and the other option of giving a fiscal push through public spending is also tricky if the fiscal deficit target has to be met and if so, the details thereof;
- (c) whether the economists have opened for a conservative approach to the fiscal deficit target and increase its expenditure, especially to increase agricultural productivity and enhance support to the social sector and if so, the details thereof and the measures taken/being taken in this regard; and
- (d) whether the Indian economy is on a path of recovery despite uncertainty and volatility in the global economic situation and recorded a higher growth of 7.3 per cent in 2014-15 and if so, the comparative details thereof during each of the last three years and the current year?

Answer

MINISTER OF STATE FOR FINANCE (SHRI ARJUN RAM MEGHWAL)

a) & c): Economists have given their opinions on possible fiscal consolidation targets to the Government from time to time. Scholarly articles relating to fiscal consolidation have been compiled in volume-IV of the Fiscal Responsibility and Budget Management Review Committee's Report.

b) Reserve Bank of India in its bimonthly Monetary Policy Statement, 2017-18 dated August 02, 2017 has reduced the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points.

d) The details of growth in GDP at constant (2011-12) prices during last four years are given in following table:

<pre>

| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|------|---------|---------|---------|---------|
|------|---------|---------|---------|---------|

| | | | | |
|--|-----|-----|-----|-----|
| Growth in GDP at constant (2011-12) prices | 6.4 | 7.5 | 8.0 | 7.1 |
|--|-----|-----|-----|-----|

</pre>

The growth rate of the economy increased from 6.4 per cent in 2013-14 to 7.5 per cent in 2014-15 and 8.0 per cent in 2015-16 and remained above 7 per cent in 2016-17, despite adverse external headwinds.
